

Message Text

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21

ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 OMB-01 AID-05 CIEP-01 TRSE-00 COME-00 EB-07

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R 211100Z AUG 75

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC 3263

INFO AMEMBASSY LONDON

LIMITED OFFICIAL USE COLOMBO 2630

E.O. 11652:N/A

TAGS: EAGR, EINV, CE

SUBJECT: BILL ANNOUNCED TO NATIONALIZE COMPANY-OWNED PLANTATIONS

REF: COLOMBO 2557

1. TEA, RUBBER AND COCONUT ESTATE LANDS IN SRI LANKA OWNED BY RUPEE AND STERLING COMPANIES ARE TO BE NATIONALIZED UNDER PROVISIONS OF BILL PUBLISHED IN GOVERNMENT GAZETTE THIS WEEK. BILL WAS INTRODUCED AS AMENDMENT TO LAND REFORM ACT OF 1972 WHICH NATIONALIZED LANDS OVER 50 ACRES HELD BY INDIVIDUALS. PRESENT BILL, WHEN IMPLEMENTED, WILL VEST OWNERSHIP OF COMPANY LANDS IN LAND REFORM COMMISSION UNDER MINISTRY OF AGRICULTURE. CONTROL OVER THESE LANDS, INCLUDING BEST AND MOST PRODUCTIVE TEA AND RUBBER PLANTATIONS, WAS BITTERLY CONTESTED BY SRI LANKA FREEDOM PARTY (CONTROLLING MINISTRY OF AGRICULTURE) AND LANKA SAMAJA PARTY (LSSP) (CONTROLLING MINISTRY OF PLANTATION INDUSTRY). BILL IS SETBACK TO ALREADY BELEAGUERED LSSP (REFTEL).

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2. MUCH CRITICIZED AGENCY HOUSES WILL CONTINUE TO

MANAGE NATIONALIZED ESTATES AS STATUTORY TRUSTEES
FOR TEMPORARY PERIOD NOT EXPECTED TO EXCEED TWO YEARS.

3. PROPOSED LAW GUARANTEES FORMER OWNERS
COMPENSATION FOR VALUE OF ESTATE AS JUDGED BY
GOVERNMENT. LAW ALSO PROVIDES FOR NEGOTIATION AS TO AMOUNT.
NO MENTION IS MADE, HOWEVER, OF
WHETHER OR NOT STERLING COMPANIES WILL RECEIVE CONVERTIBLE
CURRENCY RATHER THAN RUPEES. GOVERNMENT VALUER IS
ALSO EXPECTED TO TAKE INTO ACCOUNT DIVIDENDS AND
PROFITS OF PAST THREE YEARS
WHEN CALCULATING PROPER COMPENSATION.

4. LAND REFORM COMMISSION HAS VERY MIXED RECORD MANAGING
ESTATES TAKEN OVER UNDER 1972 LAW. WE
CAN MAKE NO JUDGMENT NOW ON ECONOMIC EFFECTS OF
TAKEOVER OF MUCH OF ESTATE SECTOR, STILL
MAINSTAY OF SRI LANKA'S EXPORT ECONOMY.
VAN HOLLEN

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Message Attributes

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